

# BoardRoom Press

*A Bimonthly Journal of News, Resources, and Events for Today's Healthcare Boards*

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## In 2023, Human Capital Is Your Strategy

As Competition for Physician  
Practices Intensifies, Refine  
Your Value Proposition

Building the Leadership  
Triad for Sustainable Success

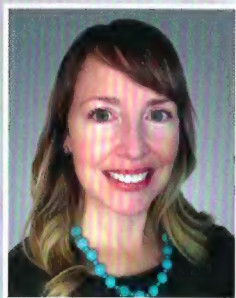
The Promise of Digital Solutions  
for Improving Healthcare Value

### ADVISORS' CORNER

Board Considerations When  
Selecting an Interim CEO



# The Wheels Continue to Turn



**O**ur February Leadership Conference in Florida brought together an enthusiastic group of healthcare leaders and many of our faculty and advisors who are regular partners and contributors to our board education programs. The topics discussed were varied, complex, sometimes difficult, and often inspiring. It was an energizing way to kick off the year—attendees were reminded how much the energy and enthusiasm transfers when we are together in one space, sharing ideas on a human level.

Of the many takeaways, the one I want to share here is that of purpose. Those who feel they have a strong purpose in the work they do are more likely to have a better experience, be more engaged, and maintain the ability to provide a better healthcare experience overall. I strongly believe that is why our healthcare leaders and board members continue to serve despite the mounting difficulties of the job, and this is the backbone of our corporate focus on Human Understanding.

As the year speeds by, headlines remain fast and furious and our stakes are as high as ever. This jam-packed issue is about high stakes and how to address them for the now, near, and far. Our people, our patients, our communities, and our organizations are still healing and carving new paths forward. The energy and urgency remains strong. This is not easy to do, and we applaud you for making board education your priority.

*Kathryn C. Peisert*

Kathryn C. Peisert,  
Editor in Chief & Senior Director

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Board Considerations When Selecting an Interim CEO



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# In 2023, Human Capital Is Your Strategy

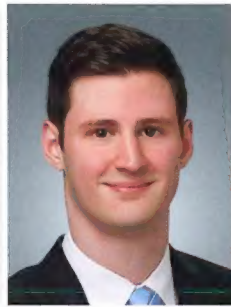
By Deirdre Baggot, Ph.D., Kevin Wistehuff, and Luke Marazzo, Oliver Wyman



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**R**edefining our workforce operating model has been a long time coming. In 2023, the labor supply gap means that the most valuable asset for hospitals and health systems is its people. Elevated turnover in today's high-cost labor market will only continue to stall growth and weaken your organization's market position.

Low margins, high turnover, and a shifting employment pool to Gen Z workers is forcing executives and boards to rethink their human capital strategy. Leaders are shifting their focus to developing and maintaining a more sustainable workforce model, mitigating operational upheaval and potential openings for competitors—from inside and outside of the industry—to gain more market share.

While many point to the COVID-19 pandemic as the cause of today's workforce crisis, "alarming" burnout was a major problem before the pandemic started.<sup>1</sup> This existing trend has been compounded by changing worker expectations of employers and financial challenges facing the industry, putting more pressure on providers to find efficient ways of deploying resources.

This article pinpoints four areas that are critical for boards and executives to home in on as they rebuild their workforce models. Importantly, boards need to understand that these four domains are linked and must be addressed simultaneously, not in isolation.

## Lessons Learned from Gig Workers

The pace of clinician burnout accelerated over the past three years. More than 40 percent of healthcare workers reported feeling emotionally exhausted in 2022, up from 32 percent in 2019, according to a study published in *JAMA*.<sup>2</sup> That burnout hastened the exodus of people leaving their jobs as more than 230,000 healthcare providers left the profession in the first two years of the pandemic alone.<sup>3</sup> Looking at hospitals specifically, turnover spiked across clinical and allied health roles, most notably registered nurses. In fact, turnover for nurses rose by 8.4 percent to hit 27 percent in 2021. Meanwhile, turnover among patient care technicians grew by 9.5 percent to reach 38 percent in 2021.<sup>4</sup>

We expect the turnover trend to continue. Oliver Wyman's 2022 survey of nursing and allied health professionals found that 20 to 30 percent of respondents accelerated retirement plans, with 50 to 60 percent planning to change their career in some way, including a significant portion (15 to 30 percent) planning to pursue a career outside of healthcare all together.

To combat turnover, burnout, and elevated vacancy rates, hospitals and health systems are leaning on two approaches: increasing wages and leveraging contract, or gig, labor.

*continued on page 10*

## Key Board Takeaways

The top issue facing hospital board members and executive teams is finding and retaining employees. Labor market takeaways and actions to consider for your future include:

- **Shifting foundations:** Traditional strategies have prioritized physicians or consumers as the foundation of operations and strategy, but workforce challenges, contingent labor trends, and shrinking margins have yielded a new foundation for sustainable growth: *employees*. Health systems are in the people business—and investments in your people are investments in the sustainability of your business.
- **Smart spending:** Setting employees as the strategic and investment foundation for your enterprise does not mean shotgun-spending. Targeted and informed investments in employee pain points will yield long-term dividends. Some of the largest market trends requiring investment, whether of time or capital, include:
  - » **Read the room:** Gen Z workers do not value the same things as past generations. This generation is more mobile and willing to leave a job that isn't meeting their expectations. Gen Zers need to be recruited, managed, and invested in differently.
  - » **Leaning in:** The "gig work" ethos is resilient and should be leveraged strategically while simultaneously building "gig-like" components in your work environment, such as flexibility in schedule and staffing, especially targeted at an emerging generation.
  - » **NP or MD?** Accelerated growth in gig work has led to margin erosion, forcing healthcare organizations to grow utilization of mid-level clinicians, such as nurse practitioners, underpinning the fastest-growing occupation in the U.S.
- **Investments for the future:**
  - » Meet employees where they are and invest strategically—define your Employer Value Proposition for the new generation of labor, and create a plan to make it real.
  - » Rethink your human capital strategy and invest where it's needed—leverage a risk assessment across segments and determine if a change in structure or benefits for one occupational group does not need to be applied to all FTEs at your organization.
  - » Set and review executive KPIs to track performance targeted at addressing a new workforce, set new goals, and benchmark KPIs to the target state.

1 National Academies of Sciences, Engineering, and Medicine, *Taking Action Against Clinician Burnout*, The National Academies Press: Washington, D.C., 2019.

2 J. Bryan Sexton, Kathryn Adair, and Joshua Proulx, "Emotional Exhaustion Among U.S. Health Care Workers," *JAMA Network*, September 21, 2022.

3 Ethan Popowitz, *Addressing the Healthcare Staffing Shortage*, Definitive Healthcare, October 2022.

4 NSI Nursing Solutions Inc., *2022 NSI National Health Care Retention & RN Staffing Report*, March 2022.



# As Competition for Physician Practices Intensifies, Refine Your Value Proposition

By Kris Blohm, Kaufman, Hall & Associates, LLC

**H**ospitals and health systems face increasing competition in their physician alignment efforts. Much of that competition is coming from two sectors: private equity and health plans. Each offers unique opportunities for physician practices, and healthcare leaders must understand what those opportunities are so they can refine their own value proposition.

## Private Equity Investors Seek to Build Practice Value

Private equity firms' interest in healthcare is not new—they began investing in hospitals and nursing homes in the 1990s—but the focus on physician practices has intensified in recent years. More than 400 private equity deals with medical groups were completed in 2021, compared with 200–250 deals annually from 2017 through 2019.<sup>1</sup> The private equity model is to make an investment in a business where it can grow revenue or improve profitability, maintain the investment for three to seven years, and then sell for a profit.

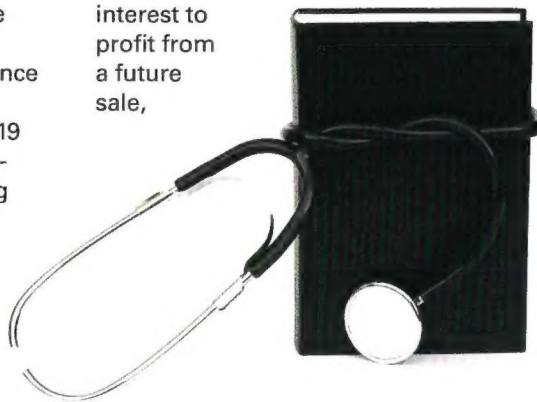
With respect to physician practices, the private equity business model means that investors are looking for opportunities to generate significant operational efficiencies, grow volumes or add services, or take advantage of new incentives or innovations in the healthcare marketplace. For example, attention has recently focused on cardiology and orthopedics practices as more procedures in these specialties are shifting to outpatient settings. Medical groups with experience in value-based contracting have also attracted more interest as the COVID-19 pandemic illustrated the value of capitated payment structures in protecting against sudden disruptions to operations and revenues and enrollment in Medicare Advantage plans continues to grow.

A common approach is for the private equity investor to acquire an interest in a

“platform” practice: an established medical group with a significant market presence. Add-on acquisitions then increase the scale of the practice, generating operational efficiencies as back-office functions are centralized and adding ancillary or sub-specialty services that increase volumes and revenues for the practice. Private equity investors may also seek to optimize the use of advanced practice providers, both to add capacity for the practice to see more patients and to support more cost-effective care delivery models.

**A** strong focus on primary care is a key component of health plan vertical integration efforts, as primary care serves as the front door to healthcare for most patients.

Older physicians in a practice—especially those who are shareholders—can derive substantial financial benefit from a private equity transaction. In recent years, private equity investors have paid EBITDA multiples in the low to mid-teens for quality platform practices, and in the high single digits for add-on acquisitions.<sup>2</sup> Shareholders also will often receive an equity interest to profit from a future sale,



## Key Board Takeaways

As board members work with senior leadership to refine their value proposition for physicians in their market, key questions include:

- What do physicians in our market want?  
For example:
  - » Are they pursuing a better work-life balance?
  - » Are they seeking an equity stake in future growth opportunities?
  - » Do they want more involvement in strategic decision-making?
- How do the answers to the questions above vary by specialty or generation?
- How could our hospital or health system address these needs?

keeping them motivated to improve the practice's performance and profitability.

There are certain risks for physicians in private equity transactions. Because of the relatively short term of the investment, future ownership of the practice is uncertain. Some strategies for growth or performance improvement may be unproven, which could affect profits received on a future sale of the practice. Regulatory change may disrupt a business model; for example, surprise billing legislation passed in 2020 affected the profitability of such specialties as emergency care, anesthesiology, and radiology.

## Health Plans Pursue Vertical Integration to Become Healthcare's Front Door

Significant competition for physician practices is also coming from health plans. For example:

- The Optum division of UnitedHealth Group now has the largest network of employed or affiliated physicians in the country.
- CVS Health, which includes its Aetna insurance arm, is working to build a network of physician-staffed primary care clinics<sup>3</sup> and recently announced a deal to acquire Oak Street Health's senior-focused clinics, which have locations in 21 states.<sup>4</sup>

1 Baneer Pachuca and Adam Prince, “Practice Acquisitions: Key Legal and Regulatory Considerations for Private Equity Firms and Physicians,” Morgan Lewis, April 4, 2022.

2 Claire Rychlewski, “How Much Is Your Doctor Worth? Investors Are Trying to Decide,” *Forbes*, January 10, 2020.

3 Sharon Terlep and Matt Grossman, “CVS Looks to Add Doctors to Its Payroll,” *The Wall Street Journal*, November 3, 2021.

4 Anna Wilde Mathews, Lauren Thomas, and Laura Cooper, “CVS Nearing \$10.5 Billion Deal for Primary-Care Provider Oak Street Health,” *The Wall Street Journal*, February 7, 2023.



- In a blend of the vertical integration and private equity trends, Humana is partnering with private equity firm Welsh, Carson, Anderson & Stowe to build networks of senior-focused primary care clinics for its CenterWell division, which already includes its Partners in Primary Care clinics; Humana announced its intention to acquire the first group of clinics it built through this joint venture in September 2022.<sup>5</sup> This followed Humana's 2021 acquisition of Kindred at Home, which made it the nation's largest provider of care in the home (Kindred is now also a part of the CenterWell division). Humana has also been actively partnering with independent practices in growing Medicare Advantage markets.

A strong focus on primary care is a key component of health plan vertical integration efforts, as primary care serves as the front door to healthcare for most patients. By building effective primary care teams equipped with claims-based analytics and population health management resources, health plans hope to reduce the cost of care for their member populations by minimizing the need for expensive acute care services or, when that care is needed, directing patient referrals to acute-care providers who offer the best quality and cost outcomes.

Health plans have a longer-term strategy than private equity firms; they are seeking to build physician networks that can manage the health of their member populations for years to come. Many of them have developed physician enablement services that offer technological and administrative support, allowing their employed or aligned physicians to focus on patient care. This, and the long-term focus of health plans' strategy, support their value proposition for physician practices.



## How Hospitals and Health Systems Should Respond

The impact of both private equity investments and health plan vertical integration strategies varies significantly across markets. But local market dynamics can change quickly and all hospital and health system boards and senior leaders, regardless of current market conditions, should be thinking of how they can best refine their value proposition for physician practices that may be exploring partnership options:

1. **Consider collaboration opportunities.** Although private equity firms and health plans may be competing to align with the same physician practices as your hospital or health system, there are also opportunities for collaboration: partnering with a medical group and private equity investor on an ambulatory surgery center joint venture, for example, or positioning your organization to be a preferred provider for acute care referrals from a health plan's physician network.
2. **Look to the future.** Opportunities for alignment might reappear, especially for medical groups backed by private equity. As noted earlier, private equity firms are looking to increase the value of physician practice investment over a relatively short period and then sell to a new investor. Aligning with a

practice might be more expensive following private equity involvement, but the practice might also have added new capabilities that make it a more valuable partner.

3. **Focus on what your hospital or health system can offer physicians.** Benefits can include administrative support, income security, and the ability to participate in a network with a broad range of specialties and referral opportunities. Hospital and health system boards and senior leaders should ask some key questions about what else they could offer physicians in their market (see "Key Board Takeaways" sidebar on page 4).

Physicians seeking partnerships have more choices than ever in today's market, and the competition continues to evolve. For example, in February, Amazon closed a \$3.9 billion acquisition of One Medical, which operates primary care clinics in major metropolitan markets nationwide. Hospitals and health systems must ensure that they remain a competitive and attractive option.

*The Governance Institute thanks Kris Blohm, Managing Director, Kaufman, Hall & Associates, LLC, for contributing this article. He can be reached at [kblohm@kaufmanhall.com](mailto:kblohm@kaufmanhall.com).*

<sup>5</sup> Heather Landi, "Humana to Shell Out \$550M to Buy Clinics from PE Partner," *Fierce Healthcare*, September 20, 2022.



# Building the Leadership Triad for Sustainable Success

## Part Two: Capability, Culture, and Communication

By Pamela R. Knecht, ACCORD LIMITED, and Larry McEvoy, M.D., Epidemic Leadership

In part one of this two-part series, we discussed the value of convening the leadership triad of your health-care organization—the board, executive team, and clinical leaders—to create alignment around strategy, structure, and roles.<sup>1</sup> Such mutually shared clarity sets up the leadership triad to pilot the organization through the difficult internal and external stresses in today's healthcare landscape.

Over the last year or two, we have heard from CEOs, boards, and clinical leaders that the healthcare industry is at a critical juncture. Most hospitals and systems are now in financial distress due to the pandemic, operational strain, market performance, an exhausted workforce, and disruptive pressures from new players. Healthcare organizations have already picked the low-hanging fruit to try to improve financial performance (e.g., efficiency studies, productivity monitoring, and revenue cycle management) and now are forced to think in new ways about how to remain sustainable.

The old ways of doing things are not working. Different approaches are needed to get to the root of the problems and to come up with creative solutions. To increase access, deliver high-quality, lower costs, and improve workforce satisfaction, healthcare organizations have to go beyond operating efficiently in the current environment. Care redesign—around customer engagement, decreased cost, improved access, and advancement toward care outside the hospital—has to accelerate if healthcare organizations are going to be able to compete and contribute in their communities. However, this difficult work is causing stress, tension, and in some cases suspicion and separation as the stress of the present collides with the uncertainty of the future. For example, there seems to be an increase in physicians taking votes of no confidence in the CEO. In one case we know, the medical staff and nurses also took a vote of no confidence in the board. We believe that the answer to this problem lies in going back to square one and doing the hard work of changing the way the triad

interacts and leads. Focusing on these three practices is essential:

1. Building leadership skills and capability
2. Developing a healthy culture with trusting relationships
3. Ensuring continuous communication and learning

These practices will require time, energy, and resources, particularly as the board, executive team, and clinical leadership work from their distinct roles under a coherent strategy, but when pursued thoughtfully, they will provide a reliable framework for supporting organizational function strategically and operationally, in service to both mission and margin.

### Building Leadership Skills and Capability

Leadership skills are often assumed for each triad role, but the complexity of modern healthcare requires leaders at all levels to amplify their individual and collective skill sets. As a triad and within their respective organizational roles, board, executive, and clinical leaders cannot “operate” their way out of the situation. Instead of primarily relying on functional expertise (e.g., finance), today's leaders and leadership bodies need to be adept at systems thinking and design, complexity management, and stakeholder collaboration across different functional disciplines. These are not just new terms; they are distinct skills and learning domains for boards, executives, and clinical leaders alike if they are to engage the entire organization in becoming more adaptable, more agile, more sustainable, and more engaged.

We subscribe to the 70/20/10 learning model, which depicts how humans learn—70 percent from challenging “stretch” work, 20 percent from developmental relationships, and 10 percent from didactic information.<sup>2</sup> What we know is the easy part; doing and reflecting, prototyping, and creating smart

### Key Board Takeaways

Successful approaches that boards, executive teams, and clinical leaders have employed to enhance the alignment and success of their leadership triads include:

- **Periodic get-togethers** (e.g., quarterly) to reconnect, debrief learning and organizational responses, chart the next level of skill development, and celebrate organizational success.
- **Paired/shared rounding** to visibly demonstrate alignment and give participants a chance to establish interpersonal rapport and reinforce role clarity.
- **Informal lunches** to deepen relationships and allow learning at a more personal level.
- **Linked communication** to ensure that the emphases around leadership, culture, and learning are coming from, and listened to, within all three elements of the triad.
- **A shared “learning list”** to denote which skills each group is working on and create accountability and transparency.
- **After-action reviews** to share key drivers of success as well as pitfalls.

“work networks” are the harder skills. In today's fast-paced and task-saturated world, creating small spaces for experiential learning in the triad's respective standing structures and processes is a useful way to ground new skills.

As an example, one health system took a didactic workshop in “thinking skills” and wove it into their regular meetings. A senior executive noted, “Where I used to push for results, once I started paying more attention to the thinking—starting with my own—instead of the results I wanted, I was better able to shape the thinking in the room, and the results came easier.” This approach was successful because the team had a tendency toward black-and-white and siloed thinking; they were predetermining a result before they interrogated their own thinking patterns. Learning to understand how to process complex issues “publicly” out loud helped unwind “gridlocked” thinking in key areas.

Other organizations have identified high-potential leaders in each of the three roles (board, executive, and clinician) and created development programs

1 Pamela Knecht and Larry McEvoy, “Building the Leadership Triad for Sustainable Success,” *BoardRoom Press*, The Governance Institute, February 2023.

2 “The 70-20-10 Rule for Leadership Development,” Center for Creative Leadership.



aimed at helping them build their leadership and executive thinking skills. These individuals each work with skilled executive development professionals and/or external coaches to identify a project that can serve as the basis for their experiential learning. Further, they simulate cross-role “real-world” activity by interacting within and across their roles via these simulations, much like the military does war games between service branches against known threats in uncertain scenarios. They mutually determine what skills to develop through their projects and they debrief the experience afterwards to learn what worked and did not work. In this way, all three parts of the triad are simultaneously focused on individual leadership skill development, which then builds that capability for the entire organization.

**I**n today's fast-paced and task-saturated world, creating small spaces for experiential learning in the triad's respective standing structures and processes is a useful way to ground new skills.

### Developing a Healthy Culture with Trusting Relationships

One example of the need to change the culture of healthcare organizations is the frequent occurrence of tension regarding the productivity of employed providers. Most boards and executive teams have prioritized improving patient access. To achieve that goal, they want clinicians to be more productive—see more patients each day. However, clinicians are feeling burnt out from the pandemic and they are frustrated that they are not treated as the “partners” they thought they would be when they agreed to become employed. This culture of antagonism among the triad must change to provide better care and ensure the organization is financially sustainable.

We think that the key is creating a culture that is built on healthy relationships and has the ability for rapid learning. This is probably culture-building 401, not 101, but the work is necessary if the organization is going to succeed at

increasing access, solvency, and energetic engagement.

It is important for the leadership triad to define and then model the desired culture. Steps in this process can include the following:

- Ensure the organization's core values statements include clear behavioral definitions (e.g., Excellence: We value doing things right the first time).
- Embed the core values in the performance management system for executives, as well as in employee and clinician effectiveness assessments, to hold all accountable to the expected behaviors.
- Develop a board code of conduct that is based on the organization's core values and describes the expectations of directors, executives, and clinician leaders (e.g., inquire, don't opine; keep all information confidential; treat each other with respect).
- Support clinical leaders in having compelling and honest conversations with other clinicians about strategically and operationally relevant issues including their performance.
- Create documents that define the desired relationships and authority among the board, executive, and clinical leaders (e.g., a decision authority matrix).
- Convene facilitated discussions about possible reasons for any mistrust among the leadership triad (e.g., questions about intent, honesty, and/or capability).

Implementing these steps will help build a healthy culture and trusting relationships within and among each component of the triad.

### Ensuring Continuous Communication and Learning

Once the board, executives, and clinical leaders have a firm commitment to learning new skills and embodying the right culture, continuous communication and learning become key to sustained effect.



CEOs should develop multiple vehicles for ensuring regular, timely communication within and across the triad. For example, the initial strategic plan should be shared with all key stakeholders (and generated with wide insight from them). Then, the CEO should provide a written update on the organization's performance on a regular basis. The CEO should determine how best to keep clinicians updated on issues that affect them (e.g., reports at medical staff meetings) and the board should support the CEO's efforts to increase alignment with clinicians. (See the “Key Board Takeaways” sidebar on page 6 for more practical ideas for building and sustaining the leadership triad.)

The fields of neuroscience, social physics, and behavioral economics have all buttressed our knowledge about how to lead with greater scale and resilience in today's tumultuous environments. Wise leadership triads will create space in their standing functions and periodic shared encounters where they can exchange learning, share observed effects, increase trust, and build a reservoir of insight and energy to do the difficult work of shepherding the organization forward together.

*The Governance Institute thanks Pamela R. Knecht, President and CEO, ACCORD LIMITED, and Larry McEvoy, M.D., President and CEO, Epidemic Leadership, for contributing this article. They can be reached at [pknecht@accordlimited.com](mailto:pknecht@accordlimited.com) and [larry@epidemicleadership.com](mailto:larry@epidemicleadership.com).*



# The Promise of Digital Solutions for Improving Healthcare Value

By Angel Valladares, M.P.H., and Meggie Hotard, M.P.H.

Over the past 10 years, a shift away from traditional healthcare models has included the adoption of digital health solutions to tackle long-standing challenges. Major healthcare sector disruptions including shifting patient expectations, venture capital investment into healthcare, and reimbursement policies encouraging digital adoption have accelerated this trend. However, not every digital solution is made equal. As a result, hospital and health system boards and senior leaders should scrutinize the value of adopting these technologies as part of system innovation.

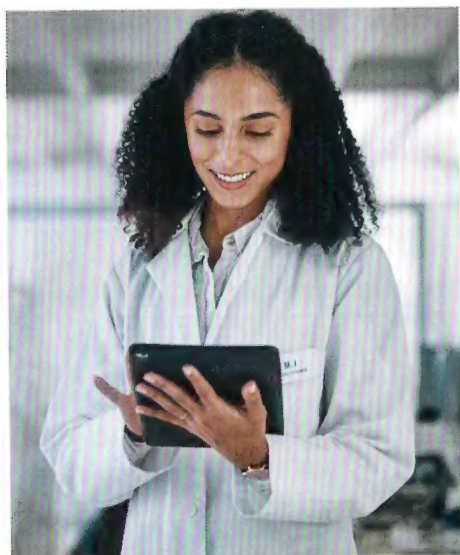
## Market Pressures Driving Digital Health Adoption

While consumerism has been a buzzword in the industry for years, recent drivers have expanded its role, influencing stakeholders to prioritize patient-centricity. For instance, recent government policies on price transparency now require hospitals to publish pricing information for the first time. Regardless of where one stands on the issue, it's undoubtedly a message that policymakers wish to see more marketplace dynamics in healthcare.<sup>1</sup> This includes providing

patients the opportunity to shop around like they would for any other service. Moreover, patient care delivery preferences are also impacted. For example, 58 percent of all U.S. adults don't just prefer telemedicine but are "excited" to use the technology in a future visit. The end of 2022 saw an encouraging turning point for telemedicine as the number of U.S. adults who have had a prior experience (48 percent) pulled even with those who have not (48 percent). Back in 2019, only 10 percent of U.S. adults cited a past experience.<sup>2</sup> Younger generations (born after Generation X) are especially enthusiastic about telehealth—70 percent prefer the convenience of telehealth, and 44 percent of Gen Z and millennials would switch providers if telehealth services were unavailable.<sup>3</sup>

The COVID-19 pandemic accelerated digital health adoption by driving digital health reimbursement and payment reforms. To address the need for remote urgent care services, CMS approved reimbursement of telehealth services, encouraging widespread adoption and utilization. Despite the pandemic spike in telehealth mostly fading,<sup>4</sup> CMS has expanded reimbursement to support technologies like remote patient monitoring and digital therapeutics, among others.

Mirroring the record-setting private investments in the healthcare sector towards the end of the previous decade, 2021 was a record-setting year with U.S.-based digital health startup investments reaching nearly \$30 billion.<sup>5</sup> The near-halving of investment in 2022 (\$15.3 billion), was still an eightfold increase from 10 years earlier.<sup>6</sup> While funding has cooled down from pandemic highs, health-related mobile applications available to consumers now surpass 350,000 worldwide.<sup>7</sup>



## Key Board Takeaways

- While there are many digital solutions promising incredible benefits to the system, each new adoption should be evaluated for their fit with the organization's needs and validation of their expected value propositions.
- The end-goal of digital transformation is not a digital device or technology product, such as a patient portal. Ideally transformation initiatives focus beyond the technology to develop an innovative business model that advances an organization's culture, processes, and policies.
- When implementing new digital solutions and collecting more data, it is important that organizations take security and privacy precautions to protect patients' data, particularly sensitive information such as medical or financial data.
- Providers are already facing extreme burnout, especially after the pandemic. Therefore, it is important that potential solutions make providers' lives easier and do not aggravate burnout.

“The broad scope of digital health includes categories such as mobile health (mHealth), health information technology (IT), wearable devices, telehealth and telemedicine, and personalized medicine.”

—FDA, “What Is Digital Health?”

## Setting the Bar for Digital Health Solutions

The digital health investment boom outpaced traditionally slow-moving policymakers. While the FDA regulates device software functions under certain criteria,<sup>8</sup> most apps that are meant to be used only for monitoring and recording symptoms for general fitness, health, or wellness, and not treating disease, are not regulated. Most mobile health apps available focus on general wellness, but the number of apps for health condition management are increasing. For those under regulation, many are considered

1 Centers for Medicare & Medicaid Services, “Hospital Price Transparency,” 2022.

2 NRC Health's Market Insights national survey of consumers, October–December 2022, n size = 75,077.

3 American Hospital Association, “There May Be a Generation Gap in Telehealth's Future,” June 29, 2021.

4 Sanjula Jain, “Telehealth Demand Continues to Decline, Posing Challenges for Telehealth Providers and Policymakers,” Trilliant Health, August 14, 2022.

5 Kyle Bryant, Madelyn Knowles, and Adriana Krasniansky, “2022 Year-end Digital Health Funding: Lessons at the End of a Funding Cycle,” Rock Health, January 9, 2023.

6 Suhas Gondi and Zirui Song, “The Burgeoning Role Of Venture Capital In Health Care,” *Health Affairs*, January 2, 2019.

7 Murray Aitken and Deanna Nass, *Digital Health Trends 2021: Innovation, Evidence, Regulation, and Adoption*, IQVIA Institute for Human Data Science.

8 U.S. Food & Drug Administration, “Device Software Functions Including Mobile Medical Applications,” September 29, 2022.



low risk by the FDA and are regulated at FDA's discretion.<sup>9</sup>

By contrast, digital therapeutics (DTx) are more tightly regulated, requiring a formal development path involving premarket evidence submission for FDA review of safety and efficacy. In addition, most prescription DTx, with some exceptions, require a prescription to be dispensed and/or reimbursed.<sup>10</sup>

To better align evidence requirements between regulated and non-regulated digital health tools, providers are essentially "on their own" to evaluate the impact of most non-regulated solutions. Therefore, hospital and health system boards and senior leaders should develop a thoughtful strategy on how to evaluate solutions and monitor quality and outcomes for providers and patients respectively.

### Assessing Digital Health Solutions Using the Quadruple Aim

When thinking of digital health solutions that deliver value, the four dimensions of the Quadruple Aim serve as a straightforward guide: improved provider experience, improved patient experience, better outcomes, and lower costs. Given the sheer volume of applications, below are four example use cases that speak to the Quadruple Aim.

Hospital and health system boards and senior leaders should develop a thoughtful strategy on how to evaluate solutions and monitor quality and outcomes for providers and patients respectively.

### Improved Provider Experience

While our understanding of the relationship between provider experience and patient outcomes is limited, provider burnout does contribute to quality of care.<sup>11</sup> There are promising digital health solutions that may address provider burnout issues and subsequently increase provider satisfaction. One example is described below:

- **Use case:** Natural language processing (NLP)-based apps to address provider burnout
- **Benefits:** While providers have used medical scribes to assist in clinical documentation, in recent years, AI-based EHR scribing services have increased in use. Providers dictate via voice input devices during patient encounters, the recording is then translated to the provider's progress notes.<sup>12</sup>

This solution intends to refocus provider documentation time to patient care.

- **Considerations:** Even human-based scribing has had mixed impact on care delivery efficiencies,<sup>13</sup> with some benefits to patient and provider

experience. Therefore, tech-based solutions with the same end goal should be further evaluated to assess non-inferiority.

### Improved Patient Experience

Digitalization of other industries like banking, transportation, and retail has both improved the consumer experience and increased their expectations. Healthcare is undergoing a similar transformation as system leaders implement techniques to improve patient experience. Remote patient monitoring (RPM) is a promising technology for improving patient experience during follow-up:

- **Use case:** RPM for reducing patient travel to clinical facilities and wait times
- **Benefits:** Sharesource is an RPM platform for end-stage renal disease that allows providers to monitor their patient's home dialysis treatments, and then remotely adjust therapy without the need for patients to make unplanned visits to the clinic.<sup>14</sup>
- **Considerations:** Challenges with RPM include training and having staff available to monitor and manage the incoming data. Other issues identified have been security concerns, data accuracy, and patient compliance with engagement.

*continued on page 14*



### Obstacles to Digital Health Adoption

Additional challenges to digital health, outside of lack of clear regulation and robust evidence to facilitate trust, include:

- **Privacy and cybersecurity:** Patient data requires the highest level of security and privacy. The increasing number of data breaches and ransomware pose significant risks.
- **Healthcare interoperability:** Healthcare device data needs integration with a patient's medical history to be effective. However, linking of datasets is still messy and challenging, obscuring the understanding of clinical and social drivers.
- **Actionable data insights:** Too many point solutions provide limited information that does not reliably provide actionable next steps for users.

9 Jeffrey David Iqbal and Nikola Biller-Andorno, "The Regulatory Gap in Digital Health and Alternative Pathways to Bridge It," *Health Policy and Technology*, Fellowship of Postgraduate Medicine, September 2022.

10 Aitken and Nass, 2021.

11 Daniel Tawfik, et al., "Evidence Relating Health Care Provider Burnout and Quality of Care: A Systematic Review and Meta-analysis," *Annals of Internal Medicine*, October 8, 2019.

12 Hannah Nelson, "Artificial Intelligence (AI) Use Cases to Mitigate Clinician Burnout," *EHR Intelligence*, January 4, 2023.

13 Heather Heaton, et al., "Effect of Scribes on Patient Throughput, Revenue, and Patient and Provider Satisfaction," *The American Journal of Emergency Medicine*, July 28, 2016.

14 Baxter Corporation, "Baxter Highlights New Home Dialysis and HDxTherapy Data in 14 Clinical Presentations at Kidney Week 2022" (press release), November 8, 2022.



Human Capital Is Your Strategy
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The reliance on contract labor is far-reaching, as the American Hospital Association noted in a March 2022 letter to the House Energy & Commerce Committee, saying that 95 percent of healthcare facilities reported hiring contract staff.5
Our survey, however, sends boards and executives a clear message that they must look beyond traditional tactics if they are going to recruit and retain staff. We found that pay ranked fourth on people's concerns, behind mental health, work-life balance, and physical health (see Exhibit 1).



Gen Zers are not as tied to their current jobs as Gen Xers or boomers. Gen Zers are more likely to be seeking new jobs—62 percent are job hunting compared to 49 percent for all other generations.

While we don't expect the use of temporary staff to go away since it offers a good backstop when vacancies occur, hospitals and health systems can leverage their experience with contract labor to create a more attractive

workforce model. Boards and executives can borrow from management principles used in contract labor to remake internal policies. That includes offering a more flexible work schedule, allowing more flexibility to work in various care settings or service lines, boosting training, and instituting

variable compensation for working undesirable hours.

Keeping Gen Z Engaged
Another facet of the evolving workforce that hospital boards must understand is the idiosyncrasies and stark differences between Gen Z and other generations.

Exhibit 1: The Biggest Worries

Across the board, healthcare workers have concerns about maintaining health, wellness, and sustaining a healthy work-life balance.
What are your biggest worries working in healthcare? Please rank 1 to 5, with 1 being your biggest worry.

Value prop	Job category				Generational			
	All nurse & allied health professionals	RNs	LPN/LVNs	CNAs	Gen Z	Mill.	Gen X	Boomers
Mental health	1	1	2	1	4	1	1	2
Work-life balance	2	3	3	4	1	4	3	1
Physical health	3	2	5	3	3	5	1	3
Adequate pay	4	5	1	5	2	3	5	5
Exposure to sickness	5	4	4	2	5	2	4	4

Source: Oliver Wyman Nursing Survey 2022.

5 American Hospital Association, "AHA Letter Re: Challenges Facing America's Health Care Workforce as the U.S. Enters Third Year of COVID-19 Pandemic," March 1, 2022.



## Exhibit 2: Transparency, Development, Growth Opportunities, and Mentorship Are Table Stakes to Gen Zers

Of those who cited advancement and growth opportunities as a top three reason they left their jobs or are seeking new jobs...

**38%** Are dissatisfied with **lack of clarity** around advancement and growth opportunities

**33%** Say there are limited opportunities for **promotions**

**37%** Cite lack of **learning and development** trainings and programs

**27%** Are **dissatisfied** with lack of formal **mentorship and coaching**

Source: Oliver Wyman Forum, *A Gen Z Report: What Business Needs to Know About the Generation Changing Everything*, 2023.

For starters, Gen Zers are not as tied to their current jobs as Gen Xers or boomers. Gen Zers are more likely to be seeking new jobs—62 percent are job hunting compared to 49 percent for all other generations, according to research done by the Oliver Wyman Forum.<sup>6</sup> And, echoing findings from Oliver Wyman's nursing survey, Gen Zers are acutely aware of how work and other circumstances impact mental health and well-being. According to the Gen Z report, 60 percent of respondents agreed with the statement, "a job does not need to be fulfilling—it should enable me to find balance and fulfillment in other aspects of my life."

As such, Gen Zers are more willing than older generations to leave a job that is causing them stress. Already facing significant financial impact

### The Board's Role

The role of the board is to steer broad changes to workforce policies. While administrators may take discrete actions, boards should help them connect the dots. As the workforce continues to be one of, if not the largest concern among providers, boards should be aware of and support management in enterprise-wide initiatives to embrace innovative solutions and ensure they aren't falling back on old ways of doing business.

Boards need to ask hard and targeted questions of executives, communicate with frontline workers, and develop an open and honest dialogue about the workforce of the future. This is the only way healthcare organizations can ensure they are positioned to thrive in the future.

from high turnover and vacancies, healthcare organizations need to make retention a priority among this crucial segment of workers. "Modernizing benefits to cater to Gen Z's needs will give companies an edge," the Oliver Wyman Forum report noted.

Of course, hospitals and health systems are limited in how much flexibility they can offer staff, especially those involved in direct patient care. But their hands are not completely tied. Boards and executives can pull crucial levers, including transparency around career progression. Of Gen Zers who identified advancement opportunities as one of their top concerns, roughly 40 percent cited lack of clarity around advancement as a reason for looking for another job. Across nursing, allied health, and administrative roles, healthcare can offer a more transparent and faster career progression than other employers by leveraging the wide scope of activities and departments within a hospital to offer greater hands-on project and managerial opportunities for employees. This creates a sense of buy-in and accelerates career progression.

Gen Zers are also highly entrepreneurial and interested in looking beyond their core jobs to gain satisfaction. This creates a tremendous opportunity for boards and administrators to pull younger workers into new

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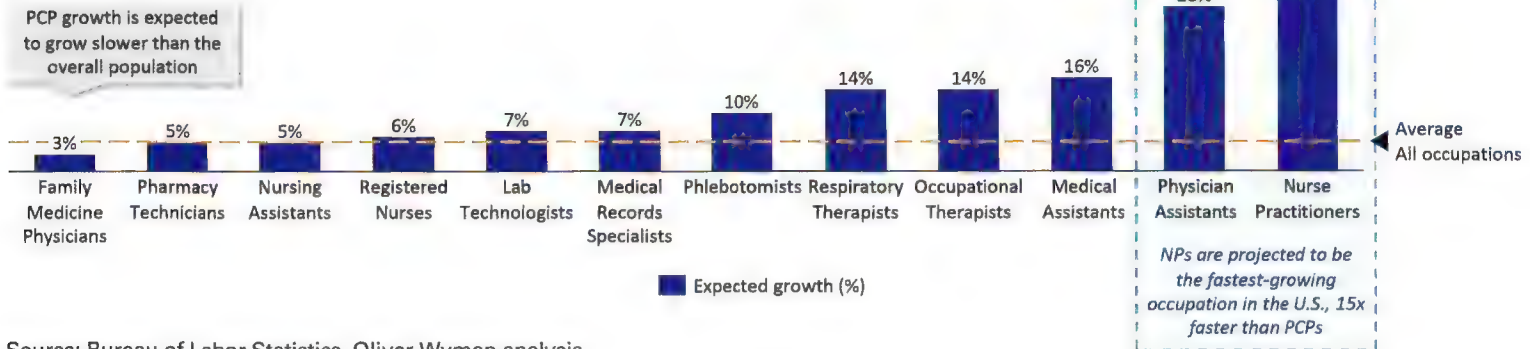


<sup>6</sup> Oliver Wyman Forum, *A Gen Z Report: What Business Needs to Know About the Generation Changing Everything*, 2023.



**Exhibit 3: NPs Are the Fastest-Growing Occupation. Your Healthcare Organization Should Not Fall Behind.**

Expected employment growth by 2031  
%, 2021–2031



Source: Bureau of Labor Statistics, Oliver Wyman analysis.

projects, whether it is deploying a new technology, assisting in workflow redesign, or finding ways to improve the patient experience. Offering the opportunity to work on side-of-desk projects enhances the value proposition for Gen Zers.



**A**cross nursing, allied health, and administrative roles, healthcare can offer a more transparent and faster career progression than other employers by leveraging the wide scope of activities and departments within a hospital to offer greater hands-on project and managerial opportunities for employees.

### Utilizing Advanced Practice Nurses and Allied Health Professionals

One of the most important lessons coming out of the pandemic is the undeniable value of advanced practice nurses and allied health professionals. Their ability to augment the physician workforce and increase access to care, especially primary care, was critical. Even before the pandemic, CVS, Walgreens, Walmart, and a host of other consumer-friendly clinics realized the potential of this labor force to provide quality care and reduce costs.

Looking out over the next decade, nurse practitioners and physician

assistants are estimated to grow by 46 percent and 28 percent respectively, according to the Bureau of Labor Statistics (see **Exhibit 3**).<sup>7</sup> The need to fill these jobs will become even more important as physicians reach retirement age. An estimated 21 percent of family medicine, pediatric, and obstetrics and gynecology physicians will be age 65 or older by 2026, up from 12 percent in 2021, and 23,000 primary care physicians are expected to permanently leave the profession, according to Mercer.<sup>8</sup> Increasingly, physician assistants and nurse practitioners are stepping in to fill the void.

Hospitals and health systems should develop targeted recruitment and retention strategies for this labor force. Building up a strong cadre of allied health professionals and advanced practice nurses will also help hospitals and health systems as they push care to outpatient settings, as well as the home.

### Banking on Value-Based Care and Care Management

The fourth area that will greatly influence the workforce of the future is the rapid expansion of Medicare-focused primary care clinics.

<sup>7</sup> U.S. Bureau of Labor Statistics, *Occupational Outlook Handbook*, see “Nurse Anesthetists, Nurse Midwives, and Nurse Practitioners” and “Physician Assistants.”

<sup>8</sup> Tanner Bateman, et al., *U.S. Healthcare Labor Market*, Mercer, 2021.



As we pointed out in an article in the January E-Briefings newsletter,<sup>9</sup> one of the capstone private equity investments in healthcare last year was the joint venture between Humana and Welsh, Carson, Anderson & Stowe, which committed \$1.2 billion in capital to launch more than 100 new Medicare-focused primary care clinics.<sup>10</sup> More recently, CVS Health announced its plan to acquire Oak Street Health.<sup>11</sup>

The growth of Medicare Advantage is fueling these transactions. As of last year, 48 percent of Medicare beneficiaries were enrolled in a Medicare Advantage plan, according to the Kaiser Family Foundation. That number will eclipse 60 percent by 2032, the Congressional Budget Office projected.

Boards and hospital leaders must recognize that these clinical models have a distinct workforce structure and build a staffing model to support that, including:

- Higher staffing ratios to decrease panel size and focus on a patient-centric experience, improve patient outcomes, and increase capitation payment from Medicare
- Greater utilization of care management functions, such as expanding care coordinators who serve as a patient's provider-agnostic primary point of contact



**B**uilding up a strong cadre of allied health professionals and advanced practice nurses will help hospitals and health systems as they push care to outpatient settings, as well as the home.

### Workforce, a Solvable Crisis

Although the workforce crisis is just that—a crisis—boards and executive teams have an opportunity to make good on their promises to give back to workers who gave up so much during the pandemic.

As this article highlights, it will take a concerted effort by boards and executives to restructure their workforce models. They can't fall back on old



- More administrative personnel, including patient-centric roles like front desk and scheduling, and back-office support roles as providers shift their workforce ratios and staffing to focus on the patient experience

habits. Rather, they need to embrace new ways of thinking and make their organizations more attractive places to work. Adopting a contract-like mindset, increasing transparency in career progression and ownership of projects and managerial roles, addressing mental health and well-being, and getting in front of shifts to how and where care is being delivered are at the core of what leaders need to do. And these must be done in consort with one another. That is perhaps the most important role for boards. With a broader lens, directors can ensure that administrators are connecting the dots between actions and addressing workforce issues in totality, not piecemeal.

*The Governance Institute thanks Deirdre Baggot, Ph.D., Partner, Kevin Wistehuff, Engagement Manager, and Luke Marazzo, Associate, Oliver Wyman, for contributing this article. They can be reached at [deirdre.baggot@oliverwyman.com](mailto:deirdre.baggot@oliverwyman.com), [kevin.wistehuff@oliverwyman.com](mailto:kevin.wistehuff@oliverwyman.com), and [luke.marazzo@oliverwyman.com](mailto:luke.marazzo@oliverwyman.com).*

9 Deirdre Baggot, Kevin Wistehuff, and Luke Marazzo, "Private Equity Doubles Down on Healthcare Provider Investing," E-Briefings, The Governance Institute, January 2023.

10 "Humana's CenterWell Senior Primary Care and Welsh, Carson, Anderson & Stowe Announce Second Joint Venture to Develop and Operate Value-Based Primary Care Clinics for Medicare Patients" (press release), May 16, 2022.

11 "CVS Health to Acquire Oak Street Health" (press release), February 8, 2023.



## The Promise of Digital Solutions...

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### Better Health Outcomes

- **Use case:** Wearable-supported platforms for chronic disease management
- **Benefits:** One Drop is a mobile platform offering care management for people with diabetes. The platform includes a Bluetooth-enabled blood glucose meter, test strips, and lancets as well as a mobile app and various coaching programs. Part of its market success has been integration with activity trackers and glucose monitoring systems on mobile devices.<sup>15</sup> In peer-reviewed research, platform use supported sustained clinically and statistically significant reductions of 1.07–1.27 percent in HbA1c during a median of four months.<sup>16</sup>
- **Considerations:** One Drop received FDA clearance, which includes its companion app. However, not all health apps are regulated by the FDA or have proof that their apps demonstrate long-term improvements in user health.

### Lower Costs of Care

- **Use case:** mHealth apps may provide for cost-effective patient management
- **Benefits:** A growing body of evidence supporting the cost-effectiveness of mHealth apps suggest they may be an efficient way to support health management by connecting patients to simple applications like exercise tracking, heart monitoring, and virtual coaching support.<sup>17</sup> These apps allow providers to reach and monitor patients on a much larger scale, while

improving patient outcomes and generating cost savings.

- **Considerations:** Measuring ROI on these mHealth solutions can be tricky; for instance, in the above One Drop example, cost savings might only reflect those generated from controlling HbA1c levels but may not fully factor savings from reduced stroke or heart attack.

### The Board's Role

U.S. healthcare has traditionally been more focused on the volume of services instead of being consumer or value focused.<sup>18</sup> However, recent market drivers have fostered a new paradigm, placing greater priority on consumer-focused solutions. In this shifting environment, the board can play an important role in organizational decision-making regarding patient-centered solutions.

Recent market drivers have fostered a new paradigm, placing greater priority on consumer-focused solutions. In this shifting environment, the board can play an important role in organizational decision-making regarding patient-centered solutions.

The COVID-19 pandemic accelerated the growth of digital health through shifting patient expectations, heavy digital health investment, and reimbursement changes encouraging digitalization. Boards should continue to focus their organization's digital transformation efforts on meeting these new demands for convenience and access to care. However, healthcare boards should examine the underlying evidence and value proposition of digital health solutions to better evaluate whether they will meet the necessary expectations.

*The Governance Institute thanks Angel Valladares, Real World Evidence Strategy Consultant, and Meggie Hotard, Manager, Real World Networks, at IQVIA, for contributing this article. They can be reached at [angel.valladares@iqvia.com](mailto:angel.valladares@iqvia.com) and [meggie.hotard@iqvia.com](mailto:meggie.hotard@iqvia.com).*



<sup>15</sup> Amirah Al Idrus, "Bayer Steps Up to Take One Drop's Tech beyond Diabetes, Backs \$40M Round," Fierce Biotech, September 17, 2019.

<sup>16</sup> Chandra Osborn, et al., "One Drop Mobile on iPhone and Apple Watch: An Evaluation of HbA1c Improvement Associated with Tracking Self-Care," JMIR mHealth and uHealth, November 29, 2017.

<sup>17</sup> Andrea Gentili, "The Cost-Effectiveness of Digital Health Interventions," *Frontiers in Public Health*, August 2022.

<sup>18</sup> Paddy Padmanabhan, "Healthcare's Newest Pivot: Consumer Identity as the Cornerstone of Digital Health," *Healthcare IT News*, July 11, 2022.



## Board Considerations...

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are on standby to serve as interim CEO if needed. But it is important to remember that a succession plan is not automatic; full board consideration and formal board action is required. Prior to making an interim CEO appointment, boards should still discuss the key question about needed organizational accomplishments in the coming months. The board should also thoughtfully discuss the pros and cons of an internal vs. external interim. These deliberations will set up the board discussion surrounding the succession plan: given the current set of circumstances, is the succession plan's recommended internal interim CEO a match for the organization's needs?

**T**he healthcare field is volatile and moving at a fast pace; external events impacting the organization will not wait for a permanent CEO to be named. The interim CEO must have sufficient background and experience for the full suite of CEO responsibilities.



### An Interim CEO as a Tryout

Some boards select an interim CEO as a trial run, with the intention of evaluating the individual's performance in the interim role prior to a permanent CEO appointment decision. Although there are numerous examples in which an "on trial" interim CEO has become a permanent (and successful) CEO, boards should understand the risks and limitations of this CEO selection strategy. For example:

- Prior to making organizational decisions, interim CEOs who are competing for the permanent position may (intentionally or unintentionally) consider: "How will this decision impact my candidacy for the permanent role?"
- When an open search is being conducted for the permanent CEO, the appointment of an interim CEO who is also a candidate for the position may discourage other candidates (both internal and external) from entering the search.
- Internal politics—often not visible to the board—may ramp up during an interim CEO's trial appointment.

### Governance Pitfalls to Avoid

To mitigate the risk of an unsuccessful interim CEO, boards should avoid:

- *Considering the interim CEO as simply "filling the seat and keeping the organization between the lines."* The healthcare field is volatile and moving at a fast pace; external events impacting the organization will not wait for a permanent CEO to be named. The interim CEO must have sufficient background and experience for the full suite of CEO responsibilities.
- *Appointing a current board member as interim CEO.* There are certainly examples in which boards have successfully appointed a director as interim CEO. However, this action runs a high risk of confounding the governance and executive roles. All parties—the remaining board members, the director-turned-interim CEO, and the internal executive team—may encounter blurred roles and difficulty in maintaining the appropriate balance between governance and management.
- *Not clearly delineating the interim CEO's authority levels.* The board should review and update the CEO authority matrix to ensure that all parties are clear on the interim CEO's delegated authority levels.<sup>2</sup>
- *Selecting two executives to serve jointly as "co-interim CEOs."* When a board appoints two individuals to fulfill the interim CEO responsibilities together, internal organizational confusion generally results. Even with strong internal relationships, two people sharing the role adds unnecessary complexity and additional communication challenges.

### Final Considerations

The selection of an interim CEO deserves thoughtful consideration by the board. An astute selection of interim CEO leadership will allow the board to concentrate its energies on a robust recruitment and selection process for a permanent CEO.

*The Governance Institute thanks Kimberly A. Russel, FACHE, Chief Executive Officer of Russel Advisors and Governance Institute Advisor, for contributing this article. She can be reached at russelmha@yahoo.com.*

2 Kimberly A. Russel, "The CEO Authority Policy," *BoardRoom Press*, The Governance Institute, December 2021.



# Board Considerations When Selecting an Interim CEO

By Kimberly A. Russel, FACHE, Russel Advisors

**W**ith CEO turnover at hospitals and health systems increasing exponentially, boards are facing critical decisions about the selection of an interim CEO. The departure of a CEO—planned or unplanned, voluntary or involuntary—can generate the perception of organizational instability. It is essential that the board move swiftly and decisively with an interim leadership plan that will serve the organization effectively as the board focuses on the identification of a permanent CEO.

Like all boardroom decisions, the board must be thoughtful and strategic in its selection of an interim CEO. And although every board is hopeful that a permanent CEO will be recruited and relocated swiftly, the board should be prepared that an interim CEO may be in office for a full year (or, in some cases, even longer).<sup>1</sup>

**A**lthough every board is hopeful that a permanent CEO will be recruited and relocated swiftly, the board should be prepared that an interim CEO may be in office for a full year (or, in some cases, even longer).

## The Key Question

The starting point is to pose this question for robust boardroom discussion: **what is most essential for the hospital/health system to accomplish in the next 12 months?** The board should achieve consensus on a focused response to this question (one or two items, not a lengthy list). The board's selection of the organization's top priority will define the needed capabilities of the interim CEO. For example, if a financial turnaround is the top priority, the organization will be best served by an interim CEO with turnaround expertise. As all options for interim leadership are evaluated, the board should ask: can this interim CEO candidate achieve our top priority?

## Internal vs. External

The board's next crucial decision: **will the hospital/health system be best**

### served by an internal or external interim CEO?

Reasons for selecting an external interim CEO include:

- The board lacks confidence in internal executive capabilities.
- The internal executive team is stretched; adding CEO responsibilities would be counterproductive.
- A specialized skill set that is not available internally is needed to address the identified top organizational priority.
- The board needs an independent and objective assessment of the internal situation.
- The board is contemplating a change of control for the organization.
- The board plans to consider one or more internal executives for the permanent CEO position and does not wish to play favorites or tip its hand.

Reasons that a board may select an internal interim CEO include:

- An internal leader with the skill set to deliver the top organizational priority is on hand and able to command the respect of internal teams.

## Key Board Takeaways

- Achieve board consensus on the most critical organizational priorities for the next year; this is essential prior to selecting an interim CEO.
- Recognize the risks and benefits of internal and external interim CEOs.
- Hold extensive board discussion to consider all aspects of the current situation alongside the board's review of the designated interim CEO succession plan.
- Clarify the interim CEO's authority levels.

- An internal leader has well-developed and positive working relationships with the board, physicians, internal leaders, and the workforce.
- The internal culture is strong, effective, and best positioned to carry out the top organizational priority with existing internal leadership.
- The board believes the risk-benefit equation of an external appointment would result in an unacceptable level of risk.

## An Additional Consideration

Many organizations have a formal succession plan that includes the name of an individual or individuals who

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<sup>1</sup> Kimberly A. Russel, "What Should the Board Expect from an Interim CEO?," *BoardRoom Press*, The Governance Institute, October 2020.